

## 4. SATISFACTORY CONTINUING CONTROL

### BASIC REQUIREMENT

The grantee must maintain control over real property, facilities, and equipment and ensure that they are used in transit service.

### AREAS TO BE EXAMINED

#### 1. *Real Property*

- a. Incidental use
- b. Project use
- c. Excess real property
- d. Disposition
- e. Oversight

#### 2. *Equipment*

- a. State procedures
- b. Equipment records
- c. Biennial physical inventory and reconciliation
- d. Property control system
- e. Oversight
- f. Leases
- g. Project use
- h. Disposition
- i. Insurance proceeds
- j. Fixed route bus spare ratio
- k. Contingency fleet
- l. Rail fleet management plan

### REFERENCE

1. [49 USC Chapter 53](#), Federal Transit Laws, Section 5307

2. [49 CFR Part 18](#), "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments"
3. [FTA Circular 5010.1D](#), "Grant Management Requirements"
4. [FTA Circular 9030.1D](#), "Urbanized Area Formula Program: Program Guidance and Application Instructions"
5. [FTA Circular 9300.1B](#), "Capital Investment Program Guidance and Application Instructions"
6. [FTA Master Agreement](#)

### APPLICABILITY

Under 49 CFR 18.32(b), a state will use, manage and dispose of equipment acquired under a grant by the state in accordance with state laws and procedures. Therefore, grantees that are a state or receive FTA funds as a subrecipient to a state follow state, not FTA equipment management procedures. If the grantee is a state agency, ask question 6 and skip questions 7, 8, 9, 12, 13, and 14. If the grantee is a subrecipient of a state, ask the above questions for equipment purchased with assistance received directly from FTA.

# QUESTIONS FOR THE REVIEW

## Part A: Real Property

1. *Does the grantee or a subrecipient make incidental use of any FTA funded real property? If yes, was FTA approval obtained? Does the grantee maintain continuing control over the property? Is revenue used for transit planning, capital, or operating expenses?*

### EXPLANATION

Incidental use is defined as the authorized use of real property (and equipment) acquired with FTA funds for purposes of transit, but which also has limited non-transit purposes due to transit operating circumstances. Examples of incidental use include the leasing of space in a station for a newspaper stand or coffee shop and the lease of air rights over transit facilities. (Note that licenses and leases of air rights are treated as incidental uses, not disposition of excess property.) Such use must be compatible with the approved purposes of the project, must not interfere with intended public transportation uses of project assets, and must not in any way interfere with the grantee's continuing control over the use of the property. FTA encourages grantees to make incidental use of real property when it can raise additional revenues for the transit system or, at a reasonable cost, enhance system ridership.

Proceeds should be based on competitive market rents and rates of return based on the appraised fair market value. Income received from the authorized incidental or joint development uses may be retained by the grantees (without returning the Federal share) if the income is used for eligible transit capital and operating expenses. This income cannot be used as part of the local share of the grant from which it was derived. However, it may be used as part of the local share of another FTA grant.

FTA approval is required for incidental use of real property. If the incidental use is implemented as described in the grant application, FTA approval of the grant constitutes approval of the incidental use. The property must continue to be needed and used for an FTA project or program, and the incidental use cannot compromise safety or continuing control over the property. While FTA is particularly interested in encouraging incidental use as a means of supplementing transit revenue, non-profit uses are permitted, under certain circumstances.

### REFERENCE

49 CFR 18.25 (g)

49 CFR 18.31

FTA Master Agreement, Section 19

FTA C 5010.1D, Ch. I, Section 5.hh and Ch. IV, Section 2.i

FTA C 9040.1F, Ch. VIII

### SOURCES OF INFORMATION

Grantee files and TEAM-Web will be reviewed for correspondence regarding incidental use. Sample lease agreements will be reviewed to ensure that it enables the grantee to maintain continuing control of the property. If incidental use of project property is observed, the reviewer will ask the grantee to provide documentation that FTA approved the incidental use. Budgets or financial reports will be reviewed to ensure that proceeds are used to support the transit program.

### DETERMINATION

The grantee is deficient if FTA did not approve the incidental use, the incidental use interferes with transit purposes, the grantee does not maintain control over the leased real property, or the grantee does not use revenues for transit purposes.

### SUGGESTED CORRECTIVE ACTION

The grantee will be directed to submit to the FTA regional office procedures for obtaining prior FTA approval for future incidental uses and to obtain FTA approval for any unapproved incidental uses. The grantee will be directed to submit to the FTA regional office procedures for continuing control over real property used for incidental purposes. The grantee will be directed to submit documentation to the FTA regional office that it has ceased incidental uses that interfere with transit purposes. The grantee will be directed to submit documentation to the FTA regional office that it has applied lease income to transit purposes.

2. *Since the last review, did the grantee notify FTA when real property was removed from the service originally intended at grant approval or when property was put to additional or substitute uses?*
3. *Does the grantee or a subrecipient have any excess FTA funded real property? If yes, is there an excess real property inventory and utilization*

*plan? Has the plan been updated, if necessary?*

4. *Since the last review, did the grantee or a subrecipient dispose of any FTA funded real property? If yes, did FTA provide prior concurrence in the method of disposition of real property? Was FTA reimbursed for its share of disposition proceeds, if required?*

#### **EXPLANATION**

Grantees are required to notify FTA when property is removed from the service originally intended at grant approval or if property is put to additional or substitute uses.

If FTA funded real property is no longer needed for any transit purpose, grantees are required to prepare or update an excess property inventory and utilization plan. The grantee's plan should identify and explain the reason for excess property. FTA C 5010.1D describes that the inventory list should include such things as: property location, summary of any conditions on the title, original acquisition cost, Federal participation ratio, FTA grant number, appraised value and date, description of improvements, current use of the property, and anticipated or proposed disposition or action. Unless FTA and the grantee agree otherwise, the excess real property inventory and updated excess property utilization plan should be retained by the grantee and made available upon request and during an FTA review.

The Common Rule (49 CFR Part 18), Master Agreement, and FTA C 5010.1D have requirements for removing assets from transit service. Grantees must request FTA instructions on proper procedures for disposition of real property. Depending on the approved method of disposition, the grantee may be required to reimburse FTA.

#### **REFERENCE**

[49 CFR 18.31](#)

[Master Agreement](#), Section 19

[FTA C 5010.1D](#), Ch. IV, Section 2.j

#### **SOURCES OF INFORMATION**

Grant files will be examined for notification of change of use of real property and excess property utilization plans. The reviewer will ask the grantee to provide a list of real property removed from the service originally intended or put to additional or substitute uses since the last review. The reviewer will ask the grantee to provide excess property utilization plans and documentation of disposition of FTA funded property and will discuss them during the site visit.

#### **DETERMINATION**

The grantee is deficient if it did not notify FTA when real property was removed from the service originally intended or when property was put to additional or substitute uses.

The grantee is deficient if it or a subrecipient has excess real property and has not prepared a written plan for disposing of it or if the plan does not include all the elements required by FTA C 5010.1D. The grantee is deficient if the plan is out of date.

The grantee is deficient if it did not obtain prior FTA approval for the method of disposition of FTA funded property or did not reimburse FTA for its share of disposition proceeds.

#### **SUGGESTED CORRECTIVE ACTION**

The grantee will be directed to submit to the FTA regional office procedures for notifying FTA in the future and inform FTA of real property that has been removed from service or put to additional or substitute uses without FTA approval.

The grantee will be directed to submit to the FTA regional office a written excess real property utilization plan or update the existing plan.

The grantee will be directed to work with the FTA regional office to determine proceeds owed FTA from the disposition of FTA funded real property.

5. *How does the grantee monitor use of FTA funded real property used by contractors, lessees, and subrecipients?*

#### **EXPLANATION**

The grantee must ensure that contractors, lessees and subrecipients use FTA funded real property for project purposes. Examples of procedures include: annual certifications of use, site visit inspections, or a deed restriction. Title to real property acquired under a grant will vest with the grantee or the subrecipient.

#### **REFERENCES**

[FTA C 5010.1D](#), Ch. IV, Section 2.i

[FTA C 9070.1F](#), Ch. VI, Section 8

[FTA C 9050.1](#), Ch. VI, Section 7

[FTA C 9045.1](#), Ch. VI, Section 7

#### **SOURCES OF INFORMATION**

Contracts, lease agreements, or subrecipient agreements will be examined for requirements imposed on the use of FTA funded real property. Oversight procedures, such as reports or site visit checklists will be reviewed and discussed with the grantee.

## DETERMINATION

The grantee is deficient if it does not control the use of FTA funded real property used by contractors, lessees, or subrecipients.

## SUGGESTED CORRECTIVE ACTION

The grantee will be directed to submit to the FTA regional office procedures for controlling the use of FTA funded real property by contractors, lessees, or subrecipients.

## Part B: Equipment

6. *If the grantee is a state, how does it maintain control over FTA funded equipment?*

## EXPLANATION

Under the Common Rule, states use, manage and dispose of equipment in accordance with state laws and procedures. However, FTA requires that the procedures must be sufficient to maintain continuing control over FTA funded equipment.

## REFERENCES

49 CFR 18.32(a)  
FTA C 5010.1D, Ch. II, Section 3.a

## SOURCES OF INFORMATION

Equipment management procedures and sample records will be reviewed. The equipment inventory, if it has one, will be reviewed. Disposition procedures, if written will be reviewed and confirmed on site.

## DETERMINATION

The state is deficient if it does not have or implement procedures for maintaining control of FTA funded equipment or the procedures are insufficient to maintain continuing control of FTA funded equipment.

## SUGGESTED CORRECTIVE ACTION

The state will be directed to submit to the FTA regional office revised procedures for maintaining control over FTA funded equipment.

7. *Does the grantee have equipment records that provide the required information?*

## EXPLANATION

FTA defines equipment as all tangible, nonexpendable, personal property that has a service life of more than one year and an acquisition and installation cost of \$5,000 or more per unit. A grantee may use its own definition of equipment provided that such definition includes at least all equipment defined

above. A grantee must keep records of FTA funded equipment that include the following required information:

- description
- I.D. number
- acquisition date
- cost
- Federal percentage
- grant number
- location
- use and condition
- disposition action
- vested title
- useful life (for equipment placed in service on or after November 1, 2008)

FTA strongly recommends, but does not require, that grantees update their property records to include useful life for items put into service prior to the above date. A grantee's records must include equipment purchased or used by subrecipients.

Many grantees have computerized databases for property records. It is acceptable if no single report shows all the required data as long as the grantee can demonstrate that the records are complete.

## REFERENCE

49 CFR 18.32  
FTA C 5010.1D, Ch. IV, Section 3.k

## SOURCES OF INFORMATION

The grantee's property records will be reviewed for information on useful life included in grantee depreciation schedules or in other fixed asset accounting records. Recent grant purchases in TEAM-Web Milestone Progress Reports will be reviewed to verify inclusion of newly acquired assets in property records.

## DETERMINATION

The grantee is deficient if records are missing required information or if the records are not current.

## SUGGESTED CORRECTIVE ACTION

The grantee will be directed to submit to the FTA regional office updated records with the required information.

8. *Did the grantee conduct a physical inventory of FTA funded equipment in the past two years? Were the results of the inventory reconciled to equipment records?*

9. *What is the grantee's control system to prevent loss, damage or theft of FTA funded property? Does the grantee investigate and document any loss, damage or theft of FTA funded property?*
10. *How does the grantee maintain control of FTA funded contractor, lessee or subrecipient operated equipment?*
11. *Does the grantee lease FTA funded equipment to private operators? If yes, was prior concurrence from FTA obtained? Do the leases include the required provisions?*

#### EXPLANATION

The Common Rule and FTA C 5010.1D require grantees to conduct a physical inventory of equipment and to reconcile the results to equipment records at least once every two years. The grantee must have a control system to prevent loss, damage, or theft of property. Typically, grantees tag all FTA funded equipment with a property control number, but other systems can be used such as serial numbers or vehicle identification numbers; tags are not required. Additional control procedures include secure storage, surveillance systems, and insurance. Any loss, damage, or theft must be investigated and documented by the grantee.

FTA requires grantees to exercise control over FTA funded property leased to contractors, subrecipients, and others and to ensure that it is used for general public transportation. The requirements for a biennial physical inventory and other control measures also apply to equipment that is leased or provided to a service contractor, lessee, or subrecipient. Other potential control measures include vehicle use certifications, vehicle use reports, retention of or liens on titles, insurance requirements, and site visits.

Grantees may lease FTA funded assets to private operators. Prior FTA concurrence is required for equipment leased on or after November 1, 2008. If the lease is described in the grant application, FTA approval of the grant constitutes approval of the lease. Prior FTA approval is not required when equipment is leased to a transit management contractor that operates the service on behalf of the grantee. When FTA funded property is leased to a private operator, including management contractors, the lease should contain the following provisions:

- A requirement for the lessee to operate the project property to serve the best interest and welfare of the grantee and the public. The terms and conditions for operation of service

imposed by the grantee shall be evidenced in a service agreement.

- A requirement for the lessee to maintain project property at a high level of cleanliness, safety, and mechanical soundness under maintenance procedures outlined by the project sponsor. The project sponsor and/or FTA shall have the right to conduct periodic maintenance inspections for the purpose of confirming the existence, condition, and the proper maintenance of the project equipment.
- A cross reference to a service agreement. A default under the lease is a default under the service agreement and vice versa.
- A requirement that the leased property may not be subleased without grantee written approval and may not be otherwise encumbered without FTA written approval.

#### REFERENCE

49 CFR 18.32

FTA C 5010.1D, Ch. II, Section 3 and Ch. IV, Sections 3.e(1), 3.j(1), and 3.k

#### SOURCES OF INFORMATION

The grantee's fixed asset procedures and records will be reviewed for evidence that the biennial inventory was completed and inventory results were reconciled to equipment records. Annual financial audit reports and any internal audit reports will be reviewed to learn if any discrepancies have been identified. Financial reports will show any changes in the book value of property and may reflect adjustments for missing equipment. The reviewer will ask the grantee to describe and demonstrate the safeguards that are in place to prevent loss, damage, or theft. Documentation of control over contractor, lessee, and subrecipient operated equipment will be reviewed. Leases of FTA funded assets to private operators will be reviewed to ensure they include the required provisions.

#### DETERMINATION

The grantee is deficient if it has not conducted a biennial physical inventory of all FTA funded equipment, including equipment operated by contractors, lessees, and subrecipients, within two years of the site visit.

The grantee is deficient if a physical inventory has been conducted but results have not been reconciled to records.

The grantee is deficient if procedures, leases, subrecipient agreements and/or service agreements do not provide for property use and control. The grantee is deficient if it has not investigated and documented any loss, damage, or theft of FTA funded property.

The grantee is deficient if it does not have FTA concurrence for leasing FTA funded assets to private operators or if the lease does not include the required provisions.

#### **SUGGESTED CORRECTIVE ACTION**

The grantee will be directed to submit to the FTA regional office evidence that it has conducted a physical inventory and that the inventory results have been reconciled to equipment records.

The grantee will be directed to submit to the regional office an adequate control system to prevent loss, damage, or theft of FTA funded property.

The grantee will be directed to submit to the FTA regional office documentation of any loss, damage, or theft of FTA funded property.

The grantee will be directed to submit to the FTA regional office procedures for improved control of equipment operated by contractors, lessees, or subrecipients.

The grantee will be directed to submit procedures to the FTA regional office and obtain FTA approval for leases of FTA funded equipment.

12. *Did the grantee notify FTA when it withdrew equipment with remaining useful life from project use or applied it to a different use?*
13. *Did the grantee or a subrecipient dispose of any FTA funded equipment or supplies during the past three years? If yes, did FTA provide prior concurrence in the method of disposition of equipment removed from service before the end of service life? Has FTA been reimbursed for its share of proceeds, if required? For retained proceeds, did the grantee correctly apply the proceeds to reduce the gross project cost?*
14. *Did the grantee apply insurance proceeds to the cost of replacing damaged or destroyed project property or return to FTA an amount equal to its remaining interest in the lost, damaged, or destroyed project property?*

#### **EXPLANATION**

The grantee must use project property for appropriate project purposes for the duration of the useful life of that property. If the grantee unreasonably delays or fails to use the project property during the useful life of that property, the grantee may be required to return the Federal assistance expended on that property. The grantee must notify FTA immediately when any project property is withdrawn from project use or when any project property is used in a manner substantially different from the representations the grantee made in the grantee agreement or cooperative agreement for the project.

Disposition of equipment before the end of useful life requires prior FTA approval. A rolling stock status report, an example of which is provided in FTA C 5010.1D Appendix D, must accompany the request. Service life for rolling stock and facilities is defined at the end of this section. The useful life in years refers to total time in service, not time spent otherwise unavailable for regular transit use. The grantee should have a mechanism to adjust the service life of any FTA funded vehicle for time not spent in regular transit use.

FTA is entitled to its share of the remaining Federal interest. The Federal interest is the greater of the FTA share of the straight line depreciated value (based on years or miles for rolling stock) or the sale price. The grantee may elect to use the trade-in value or the sales proceeds from a bus or rail vehicle to acquire a replacement vehicle of like kind, subject to FTA approval.

Equipment with a unit market value of \$5,000 or less that has reached the end of its service life requires no FTA reimbursement. Equipment that has reached the end of its service life and for which the unit market value exceeds \$5,000 requires reimbursement to FTA of the proportionate share of the fair market value or the net proceeds of the sale. Net proceeds are the amount realized from the sale of property no longer needed for transit purposes less the expense of any actual and reasonable selling and any necessary expenses associated with repairs to make saleable.

With prior FTA approval, the grantee can use sale proceeds to reduce the gross project cost of other FTA eligible capital transit grants. The grantee is expected to record the receipt of the proceeds in the grantee's accounting system, showing that the funds are restricted for use in a subsequent capital grant, and reduce the liability as the proceeds are applied to one or more FTA approved capital grants. The subsequent capital grant application should contain information showing FTA that the gross project cost has been reduced with proceeds from the earlier transaction.



For the disposition of supplies for which there is no transit use with a total aggregate fair market value that exceeds \$5,000, the grantee must compensate FTA for its share or transfer the sales proceeds to reduce the gross project cost of another capital project.

If the grantee receives insurance proceeds when project property has been lost or damaged by fire, casualty, or natural disaster, the grantee must:

- Apply those proceeds to the cost of replacing the damaged or destroyed project property taken out of service, or
- Return to FTA an amount equal to the remaining Federal interest in the lost, damaged, or destroyed project property.

The Federal interest is not dependent on the extent of insurance coverage or on the insurance adjustment received.

Item	FTA-Defined Service Life
Rail vehicles	25 years
35'-40' heavy duty and articulated transit bus	12 years or 500,000 miles
30' heavy duty transit bus	10 years or 350,000 miles
30' medium-duty transit bus	7 years or 200,000 miles
25'-35' light-duty transit bus (e.g., body on chassis vehicles)	5 years or 150,000 miles
Other vehicles (e.g., small buses, regular and specialized vans)	4 years or 100,000 miles
Fixed guideway steel-wheeled trolley	25 years
Fixed guideway electric trolleybus	15 years
Passenger ferry	25 years
Other ferries without refurbishment	30 years
Other ferries with refurbishment	60 years
Railroad or highway structure	50 years
Most other buildings and facilities (concrete, steel and frame construction)	40 years
Note: a heavy-duty transit bus is built as a bus. A medium-duty bus is built on a truck chassis.	

## REFERENCE

49 USC 5334 (h) (4), as amended by SAFETEA-LU.  
 FTA C 5010.1D, Ch. IV, Section 3.I and Appendix D  
 FTA C 9030.1D, Ch. VI, Section 4.a and b  
 FTA C 9300.1B, Ch. III, Section 7.b(1)  
 FTA Master Agreement, Section 19

## SOURCES OF INFORMATION

The reviewer will examine grant files for approval of like-kind exchange of rolling stock or retention of the proceeds from the sale of assets. A list of FTA funded equipment removed from transit service since the last review will be examined. Fleet availability reports and maintenance records will be reviewed for indications that vehicles have been out of service for an extended period. Sales records, financial reports and records documenting how fair market value was arrived at for any equipment not sold competitively will be reviewed.

## DETERMINATION

The grantee is deficient if FTA funded equipment has been removed from service prematurely without FTA approval. The grantee is deficient if it has not reimbursed FTA proportionately for the depreciated value of items that have not yet reached the end of service life and has not received permission for a like-kind vehicle exchange. The grantee is deficient if it has not reimbursed FTA proportionately for items valued greater than \$5,000 that have reached the end of service life and has not obtained approval for retaining the proceeds. The grantee is deficient if it has disposed of unneeded supplies with a total aggregate fair market value that exceeds \$5,000 and has not reimbursed FTA proportionately and has not received approval for retaining the proceeds. The grantee is deficient if it has neither applied insurance proceeds to the cost of replacing the lost, damaged, or destroyed property nor returned to FTA an amount equal to the remaining Federal interest in the lost, damaged, or destroyed property.

## SUGGESTED CORRECTIVE ACTION

The grantee will be directed to submit to the FTA regional office procedures for notifying FTA of any premature removal of equipment from service.

The grantee will be directed to work with the regional office for reimbursement of FTA's share of disposed property or to obtain approval for retaining the proceeds to apply to another capital project.

The grantee will be directed to work with the FTA regional office to obtain approval for applying insurance proceeds to the replacement of lost, damaged, or destroyed property or to return to FTA an amount equal to the remaining Federal interest in the lost, damaged, or destroyed project property.

15. *For fixed route buses operated in urban service (NTD motorbus category), does the spare ratio exceed FTA's 20 percent guideline for bus fleets of 50 or more revenue vehicles? For fleets of fewer than 50 buses, does the spare ratio appear reasonable?*
16. *Is there a bus contingency fleet? If yes, is there a contingency plan?*

#### EXPLANATION

For grantees with 50 or more fixed route buses in urban service, a reasonable spare ratio should not exceed 20 percent of the vehicles operated in maximum fixed route service. For fleets of fewer than 50 fixed route vehicles, judgment must be applied based on the age of the fleet and operating conditions to determine the reasonable number of spare vehicles.

Calculate the spare ratio, as follows:

- a. **Total number of revenue vehicles.** Count the whole fleet; the spare ratio is not calculated for each vehicle type or location. Do not include buses delivered for future expansion, that have been replaced but are in the process of being disposed of, are part of a contingency fleet, are historic and used for parades or public relations, or have been converted to non-transit use (e.g., mobile offices). Whether vehicles are locally funded, FTA funded, or have exceeded their service life are not relevant factors.
- b. **Number of vehicles required for maximum service.** Use the revenue vehicle count during the peak season of the year on the week and day that maximum service is provided, excluding atypical days and one-time special events.
- c. **Number of spare vehicles** (a minus b)
- d. **Spare ratio** (c divided by b)

Buses may be stockpiled in an inactive contingency fleet in preparation for emergencies. No bus may be stockpiled before it has reached the end of its service life. Buses held in a contingency fleet must be properly stored, maintained, and documented in a contingency plan. The plan should be updated as necessary to support the continuation of a contingency fleet.

#### REFERENCE

49 CFR 18.32

FTA C 5010.1D, Ch. IV, Section 3.i

FTA C 9030.1D, Ch. VI, Section 4.c(1) and (3)

FTA C 9300.1B, Ch. III, Section 7.b(2) and (3)

#### SOURCES OF INFORMATION

The reviewer will check the fleet status report in TEAM-Web and discuss the report with the regional office during the desk review. The reviewer will ask the grantee to provide a rolling stock roster. Pull-out logs or fueling logs will be checked to verify peak hour requirements and buses in service at the time of the site visit. The reviewer will ask for a print out from the scheduling software or other dispatch records documenting the peak of the peak and review equipment records for a listing of the fleet. If the grantee has a contingency fleet, the reviewer will ask for a copy of the contingency plan.

#### DETERMINATION

The grantee is deficient if the active urban fixed route bus fleet is 50 or more vehicles and the spare ratio is more than 20 percent of the peak fleet. The grantee is deficient if the active fixed route bus fleet is less than 50 vehicles and the spare ratio is excessive.

The grantee is deficient if it has a contingency fleet but no current contingency plan.

#### SUGGESTED CORRECTIVE ACTION

The grantee will be directed to submit to the FTA regional office a plan for reducing the spare ratio to 20 percent. The plan should include a spreadsheet listing, for each bus type, the number of buses, and, for each year until the spare ratio reaches 20 percent, the number of buses to be disposed of, the number of buses to be added, the projected peak requirement, and the projected spare ratio. The plan should include detailed justifications for years in which spare ratios exceed 20 percent. If the grantee submits a plan for reducing its spare ratio that cannot be completed within 90 days, the grantee will be directed to report progress in Milestone/Progress Reports.

The grantee will be directed to develop and submit to the FTA regional office a plan for its contingency fleet.

17. *If the grantee is a rail operator, is a fleet management plan on file? If yes, does the plan include the required elements?*

#### EXPLANATION

Because rail transit operations tend to be distinct from grantee to grantee, FTA requires rail operators to develop fleet management plans. The plans must discuss:

- operating policies
- peak requirements
- maintenance/overhaul program
- system and service expansions
- railcar procurements/schedules



- spare ratio justification

The spare ratio justification should consider the average number of cars out of service for scheduled maintenance, unscheduled maintenance, and overhaul programs. It should take into account historical variations in ridership and ridership changes that affect car needs due to system or service expansions. The justification should account for contingency needs due to destroyed cars and procurement schedules for fleet replacement and expansion. Cars delivered for future expansion and cars that have been replaced but are in the process of being disposed of should be identified and separated from other spares so as not to inflate the spare ratio. FTA has defined peak vehicle requirement to include "standby" trains that are scheduled, ready for service, and have a designated crew.

## **REFERENCE**

[49 CFR 18.32](#)

[FTA C 5010.1D](#), Ch. IV, Sections 3.i and k

[FTA C 9030.1D](#), Ch. VI, Section 4.c(2)

## **SOURCES OF INFORMATION**

The reviewer will check to see that the fleet management plan is on file in the regional office. If it is, the reviewer will check with the grantee to ensure that it is current. If it is not, the reviewer will request the plan from the grantee.

## **DETERMINATION**

The grantee is deficient if it has not prepared a plan or the plan is incomplete or out-of-date.

## **SUGGESTED CORRECTIVE ACTION**

The grantee will be directed to submit to the FTA regional office a revised or updated plan that includes all required elements.